

28 July 1952

MEMORANDUM FOR: Director of Central Intelligence

THRU : Deputy Director (Intelligence)

SUBJECT : Terms of Reference of Intelligence Working Group

1. PURPOSE.--To provide terms of reference for the Intelligence Working Group to enable it to furnish intelligence support to the Economic Defense Advisory Committee (EDAC).
2. FACTS BEARING ON THE PURPOSE.--The essential facts are stated in the preamble to the proposed terms of reference attached as Tab A. Attached as Tabs B and C, respectively, are the letters of the Director for Mutual Security and the Secretary of State requesting the formation of the Intelligence Working Group. The letter of the DCI in reply, dated 2 May 1952, is attached as Tab D.

A draft of the terms of reference was submitted to the LAC on 26 June 1952. At that time action was postponed at the request of the Department of State. Since then the terms have been revised and approved at the working level.
3. DISCUSSION.--The Intelligence Working Group has begun to function and has held seven meetings to date. It cannot function fully and effectively, however, without the authority and direction contained in the proposed terms of reference attached. These terms of reference were approved by the Intelligence Working Group. The AFMIR representative reserved his position, taking exception to the words "for direct intelligence support of the Economic Defense Advisory Committee," in the first sentence of the Preamble, and to the words "to develop and furnish intelligence," under "purpose".
4. ACTION RECOMMENDED.--It is recommended that the attached terms of reference be approved and issued by the LAC as a directive.

25X1A9a D/E/RR [redacted] rs (28 July 1952)

151
Special Agent, JR.
Assistant Director
Research and Reports

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ATTACHMENTS:

- Tab A -- Terms of Reference of the Intelligence Working Group
for Support of the Economic Defense Advisory Committee
- Tab B -- Letter from Mr. Harriman to General Smith (Copy)
- Tab C -- Letter from Mr. Acheson to General Smith (Copy)
- Tab D -- Letter from General Smith to Mr. Harriman (Copy)

ACTION BY APPROVING AUTHORITY:

Date _____

Approved (disapproved), exceptions, if any.

Signature _____
Director

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24 June 1952

INTELLIGENCE ADVISORY COMMITTEE

INTELLIGENCE SUPPORT TO THE ECONOMIC DEFENSE
ADVISORY COMMITTEE

1. Attached for the consideration of the IAC is a proposal (TAB A) for supplying intelligence support to the Economic Defense Advisory Committee. This proposal has the concurrence at the working level of the IAC agencies concerned. The proposal includes the establishment of an Intelligence Working Group under the Economic Defense Advisory Committee. The terms of reference of this Working Group (TAB B) have the working level concurrence of all agencies involved.

2. It is requested that the IAC approve the arrangements set forth in both TABS.


Acting Secretary

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INTELLIGENCE SUPPORT TO THE ECONOMIC DEFENSE
ADVISORY COMMITTEE

In accordance with NSCID-15 and pursuant to a request to the Director of Central Intelligence from the Director for Mutual Security and the Secretary of State, who are jointly responsible under Presidential Directive for the coordination of activities in the economic defense field and who by mutual agreement discharge these responsibilities through the Economic Defense Advisory Committee structure, the Intelligence Advisory Committee hereby authorizes and directs that:

1. The Departments of the Army, Navy, Air Force, and State and the Central Intelligence Agency shall appoint a member and an alternate member to serve upon the Intelligence Working Group of the Economic Defense Advisory Committee for the specific purpose of providing intelligence support to that Committee as required for the implementation of The Mutual Defense Assistance Control Act of 1951 (P.L. 213, 82nd Congress) and directives issued in connection with NSC 104/2 and related documents.

2. In recognition of the fact that EDAC must have intelligence on a timely basis, each of the IAC agency representatives serving upon the IWG shall act for the intelligence chief of his agency on all matters pertaining to the activities of the IWG and

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shall be directly responsible to him for insuring that, within its capabilities, each IAC member agency provides timely intelligence support to EDAC.

3. To avoid duplication of effort, the IAC representatives on the IWG shall, wherever possible, make use of the existing intelligence facilities of the Government, including appropriate interagency committees and working groups, to obtain the intelligence support required by EDAC.

4. EDAC intelligence requirements necessitating the initiation of production or collection action shall be implemented by the IAC representatives on the IWG through the normal command channels of their respective departments or agencies, and the establishment of necessary priorities for such action shall be subject to existing IAC policy.

5. The IAC representatives on the IWG shall take necessary action to insure that all intelligence submitted by the IWG for consideration by EDAC is duly evaluated.

6. As the provision of maximum intelligence support to EDAC will require the use of highly sensitive intelligence information and, in many cases, the initiation of clandestine collection requests, the handling of such sensitive matters by the IAC representatives on the IWG shall be subject to existing policies, regulations, and procedures established by the IAC member agencies individually or

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collectively for the protection of intelligence sources and methods. If at any time the IAC representatives on the IWG, individually or collectively, shall determine that a deviation from such security policies, regulations, or procedures is necessary, such deviation shall be subject to the approval of the intelligence chief concerned and/or the IAC as may be appropriate.

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7. IAC representatives serving upon the IWG shall have the highest security clearance and shall be authorized access to all sensitive intelligence information, sources, and methods necessary for the accomplishment of their mission.

8. The IAC representatives on the IWG shall, in collaboration with the non-IAC members of the Group, develop specific terms of reference and operating procedures for the operation of the Group which shall be submitted to the IAC for approval.

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TERMS OF REFERENCE FOR THE INTELLIGENCE WORKING GROUP
OF THE ECONOMIC DEFENSE ADVISORY COMMITTEE

The Director for Mutual Security, the Secretary of State, and the Director of Central Intelligence, with the concurrence of the Intelligence Advisory Committee, have established the Intelligence Working Group (IWG) of the Economic Defense Advisory Committee composed of designated representatives, a principal and an alternate, of the Office of the Secretary of Defense, G-2, ONI, AFOIN, CIA, Commerce, State, Treasury, and Office of the Director for Mutual Security. Any other agency whose interest or competence may be relevant to a particular problem under examination may be invited to sit with the Group. The principal representative of CIA shall serve as Chairman of the IWG and shall designate the Executive Secretary.

Purpose

The purpose of the Intelligence Working Group shall be to develop coordinated intelligence for policy making and operations in the economic defense field included under the Mutual Defense Assistance Control Act of 1951 (P.L. 213, 82nd Congress) and directives issued in connection with NSC 104/2 and related documents.

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General Principles

- a. The Intelligence Working Group will not supplant any other interagency intelligence arrangements.
- b. In reviewing and evaluating intelligence, the members of the Group will normally present agency views. Where time does not permit the development of the coordinated views of their respective agencies, members of the Group may give informal estimates, opinions, and evaluations.
- c. In carrying out its responsibilities, the IWG may set up such working sub-groups as may be judged necessary.
- d. The participation of the representatives of the IAC agencies will be subject to the conditions prescribed by the Intelligence Advisory Committee.

General Activities

For use in economic defense policy making and operations, the Intelligence Working Group shall:

- a. Act as a coordinating mechanism to provide effective exploitation of the intelligence resources of the Government.
- b. Arrange for the review on a continuing basis of pertinent intelligence materials to provide for the timely distribution of such materials to appropriate agencies, individuals, and working groups.
- c. Determine the necessity, desirability, and feasibility of

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obtaining further information or intelligence concerning the subject matter of specific reports.

- d. Request intelligence memoranda and reports from the several intelligence agencies, as required.
- e. Prepare essential intelligence collection requirements.
- f. Recommend additional sources for exploitation by the appropriate agency to obtain information of interest to EDAC.
- g. Recommend arrangements for identifying information required by the IWG and for its expeditious transmission to appropriate personnel.
- h. Review for presentation to the appropriate elements of the EDAC structure spot information, current intelligence, and other intelligence, in response to specific requests or on its own initiative.
- i. Recommend to the IAC that the Economic Intelligence Committee (EIC) undertake major economic research projects when the need is indicated.
- j. Review and recommend arrangements for providing intelligence for economic defense activities in the field by appropriate elements of agencies abroad.

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**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF THE DIRECTOR FOR MUTUAL SECURITY
WASHINGTON 25, D. C.**

April 22, 1952

General Walter B. Smith, Director
Central Intelligence Agency
Washington 25, D. C.

Dear General Smith:

In carrying out my responsibilities under the Mutual Defense Assistance Control Act of 1951 (Public Law 213, 82nd Congress), I have become increasingly aware of the very real need for additional and more timely economic intelligence. This problem has been discussed with representatives of the Department of State who have expressed the same need in connection with the other aspects of the economic defense program which the Department is charged with coordinating. The Secretary of State is writing you separately to endorse the proposal made below.

The need for fully processed, evaluated, and timely intelligence information referred to above is particularly acute in regard to two general aspects: the effects of our control program on the Soviet bloc, and efforts and measures made to evade controls. We have been unable to keep sufficiently abreast of these developments.

It is noted that the National Security Act, generally, and the NSC Intelligence Directive No. 15 of 1951, specifically, provide for the collection, analysis, and dissemination of intelligence information in the economic field and further provide that the Central Intelligence Agency shall coordinate this effort and make such intelligence available as necessary. It is recognized that this effort has been pursued to a certain extent in the past, but the new requirements of the program seem to call for an intensification of this activity.

Accordingly, it is important that suitable provisions be made for furnishing full intelligence support on a continuing basis to the appropriate elements of the Economic Defense structure. It is proposed that a Working Group be set up within the EDAC structure in order to develop closer continuous relationship among the operational, policy formulation, and intelligence-research elements. This Working Group would be chaired by CIA, and the following membership would appear desirable: State (IFI & EDS), Defense (OSD, ONI,

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☐ It contains nothing of CIA interest
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G-2, DI-USAF), OIMS, Commerce (CIT). In any event, the number of participants should be closely limited. The details of the terms of reference for this group would be formulated by staff representatives of the agencies concerned, subject to appropriate clearance. It is felt that this arrangement will provide a means whereby intelligence which is being collected can be more adequately processed, evaluated, and analyzed and more effectively used in support of specific policy and action programs related to this complex and ever-changing security problem.

In accordance with the understanding reached between my office and the Department of State, necessary arrangements will be undertaken by my office in conjunction with you to request the agencies named above to designate their representatives on the proposed Working Group. You may be assured of our complete cooperation in establishing a working framework for this very important activity.

Sincerely,

W. A. Harriman
Director
For Mutual Security

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SECURITY INFORMATION

April 22, 1952

General Walter B. Smith, Director
Central Intelligence Agency
Washington 25, D. C.

Dear General Smith:

The purpose of this letter is to endorse a proposal which I understand Mr. Harriman is making to you today for the creation of a Working Group, under the chairmanship of the Central Intelligence Agency, within the Economic Defense Advisory Committee structure. The Group would be charged with furnishing full intelligence support on a continuing basis to agencies concerned with economic defense problems.

As you know, the President has directed the Secretary of State to coordinate activities in the economic defense field other than those conducted by the Director of Mutual Security pursuant to Public Law 213. In discharging this responsibility, the Director of Mutual Security and the Secretary of State by agreement operate through the structure of the Economic Defense Committee. Accordingly, the proposed Working Group appears to be a very desirable arrangement for providing the Department with the intelligence support which is necessary for its activities.

Sincerely yours,

Dean C. Acheson

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Document No. **10**
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Central Intelligence Agency

Office of the Director

This material contains information affecting the national defense of the United States within the meaning of the espionage laws, Title 18, USC, Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

May 2, 1952

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Mr. W. A. Harriman
Director for Mutual Security
Executive Office of the President
Washington 25, D. C.

Dear Mr. Harriman:

In response to your letter of 22 April 1952, I fully recognize the importance of more complete and timely economic intelligence to the effective implementation of your responsibilities under the Mutual Defense Assistance Control Act of 1951. As you have indicated, CIA has to a certain extent provided your office with such intelligence in the past, however the new requirements of your program obviously call for an expansion of this service and the establishment of appropriate machinery for coordination among the several contributing agencies.

Your proposal that an Intelligence Working Group be set up within the Economic Defense Advisory Committee structure is satisfactory to me and I am willing to have this group chaired, as you suggest, by the principal CIA representative in that group. In this connection I am designating Colonel S. F. Clabaugh of the Office of Research and Reports, CIA, to serve as our principal representative. He will meet with whomever you designate to make the necessary preliminary arrangements for establishment of the Working Group, formulation of the terms of reference, and preparation of the necessary security instructions.

We will cooperate in every way possible to provide the intelligence required for the success of your program.

Sincerely,

SIGNED

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1 May 1952

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Walter B. Smith
Director

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